

MAR 6 2001

by Council Liaison's Office

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Alex Sanchez

**SUBJECT:** SEE BELOW

**DATE:** February 20, 2001

Approved



Date

3.6.01

**COUNCIL DISTRICT:** Citywide

## INFORMATION

**SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE DIRECTOR OF HOUSING UNDER THE DIRECTOR'S DELEGATION OF AUTHORITY FOR THE PERIOD JANUARY 1, 2000 TO DECEMBER 31, 2000**

## BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Director of Housing certain specified authorities in the administration of the City's comprehensive affordable housing program (the "Delegation of Authority"), codified in Chapter 5.06 of the Municipal Code. On May 23, 2000, the Delegation of Authority was amended by Ordinance No. 26127 to clarify certain sections and add several other provisions.

The Department is required to report to the City Council on these activities on an annual basis. The subject report covers the period from January 1, 2000 to December 31, 2000.

## ANALYSIS

The Delegation of Authority ordinance authorizes the Director of Housing: to develop and implement additional guidelines for housing programs; to adjust terms on housing loans and grants; to change the funding sources of a loan; to convert loans to grants; to loan or grant Housing and Homeless funds and Predevelopment funds; to negotiate and execute grant agreements necessary to implement Council-approved programs adopted in the Annual Action Plan of the Consolidated Plan; to provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure or deed-in-lieu proceedings; to formalize the City Council's policies and procedures regarding housing loan defaults; and to make other technical changes under the Director of Housing's Delegation of Authority.

Under these parameters, the Director of Housing has taken the following actions in calendar year 2000:

### **Predevelopment Loans**

**Betty Anne Gardens:** On June 16, 2000, a CDBG Predevelopment loan to First Community Housing for the Betty Anne Gardens development was approved in the amount of up to \$100,000 according to CDBG guidelines adopted by the City Council on April 23, 1991. Under the proposed affordability structure, eight units will be affordable to extremely low-income households, 14 units will be affordable to very low-income households, 44 units affordable to low-income households, and 17 units affordable to moderate-income households.

**El Paseo Studios (SRO):** On September 25, 2000, a CDBG Predevelopment loan to First Community Housing for the El Paseo Studios development was approved in the amount of up to \$100,000 according to the CDBG guidelines adopted by the City Council on April 23, 1991. Under the proposed affordability structure, 10 units will be affordable to extremely low-income households, 38 units affordable to very low-income households, and 50 units affordable to low-income households.

**Girasol II:** On November 16, 2000, a CDBG Predevelopment loan to the Mexican American Community Services Agency (MACSA) for the proposed Girasol II development was approved in the amount of up to \$100,000 according to the guidelines adopted by the City Council on April 23, 1991. Under the proposed structure all 50 units will be affordable to very low-income seniors.

### **Amendment to Housing Loans**

**Monte Vista Gardens Senior Apartment, Phase I:** On December 18, 2000, the \$2,392,000 Permanent loan to ROEM Development Corporation (ROEM Loan) on the Monte Vista Gardens Senior Apartments, Phase I was increased by \$143,000 for a total of \$2,535,000 to cover accrued interest during the acquisition/predevelopment phase. Also, the \$1,571,000 Permanent loan to Monte Vista Gardens Senior Housing, L.P. (Partnership Loan) was reduced to \$1,510,000 and the interest rate was modified from 3% to 0% during the construction period. Under the proposed structure, all 69 units will be affordable to extremely low- and very low-income seniors.

### **Loan Defaults, Foreclosures and Write Offs:**

**Cervantez Loan:** On October 24, 2000, the \$2,583.83 loan to Ms. Lupe Cervantez for the rehabilitation of her home located at 1729 Castlebrook Drive, San José was written off. The Director determined that any collection action initiated by the City would cost an amount equal to or greater than the current outstanding balance of the loan. Given the particulars in this case, the result of such an action would not likely result in the collection of the loan principal, let alone recover staff costs or additional sums advanced to collect the loan.

### **Federal or State Funding Assistance:**

None for this period.

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**Subject: Report on Activities Undertaken by the Director of Housing**

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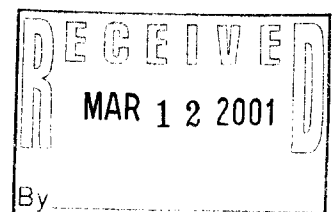
**Change of Terms and Conditions for Established Loans:**

AACI Loan: On April 27, 2000, the terms of the \$125,000 loan to the Asian Americans for Community Involvement were modified as follows: the loan term was extended from June 29, 1999 to December 1, 2009; the loan principal will not accrue interest; beginning on May 1, 2000, AACI will pay the City \$1,041.67 per month; late charges will apply to any payment that is 10 days late; and AACI will submit audited financial statements and certificate of insurance annually and the property will be inspected annually by a City Inspector.

**Housing and Homeless Fund:**

Below are the disbursements from the Housing and Homeless Fund.

<u>Bill Wilson Center</u>	\$73,000.00
<u>Emergency Housing Consortium</u>	\$195,020.00
<u>Salvation Army</u>	\$100,939.00
<u>Inn Vision of Santa Clara County</u>	\$47,609.00
<u>Homeless Care Force</u>	\$ 9,489.00
<u>Christmas in April – South Bay</u>	\$30,000.00
<u>Community Technology Alliance</u>	\$15,000.00
<u>San José State University Foundation</u>	\$22,088.74
<u>Mayfair Improvement Initiative</u>	\$25,000.00
<u>Inn Vision</u>	\$36,000.00
<u>Concern for the Poor</u>	\$73,495.00

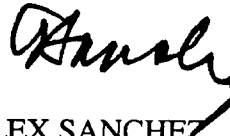


**Housing Rehabilitation and Improvement Loans and Grants:**

**HOUSING REHABILITATION LOANS AND GRANTS FUNDED**  
**1/1/2000 TO 12/31/2000**

<b><u>ACTIVITY</u></b>	<b><u>NO.</u></b>	<b><u>AMOUNT</u></b>
REHABILITATION LOANS	95	\$3,374,333
REHABILITATION GRANTS	160	\$1,200,000
PAINT GRANTS	<u>893</u>	<u>\$1,852,315</u>
<b>TOTAL</b>	<b>1,148</b>	<b>\$6,426,648</b>

Should you have any questions regarding any of these actions, please feel free to call me at 277-5817.



ALEX SANCHEZ  
Director of Housing